MEDI-CAL UPDATE Part 2
Billing and Policy
www.medi-cal.ca.gov

Allied Health • Durable Medical Equipment and Medical Supplies

July 2007 • Bulletin 382

Contents

Providers Must Use New Claim Forms

Medi-Cal implemented the use of the *CMS-1500* claim form on June 25, 2007. Providers who previously submitted claims on the *HCFA 1500* must bill on the new *CMS-1500* claim form immediately. Providers not using the new *CMS-1500* should be in the process of transitioning. Failure to use the new form for claims submitted after June 25, 2007 may result in rejection of the provider's claim.

Also, Medi-Cal will not accept *CMS-1500* forms with bar codes. Some providers' systems are automatically printing bar codes on the form, which interferes with the claim adjudication process. Providers who have *CMS-1500* claim forms with bar codes should contact their software vendor to have this function removed.

Submission instructions for *Claims Inquiry Forms* (CIFs) and *Appeal Forms* require a copy of the corrected original claim form be attached. Old *HCFA 1500* claim forms will only be accepted for this reason.

NPI Requirements for Medicare DME Suppliers

In accordance with the NPI Final Rule, Durable Medical Equipment, prosthetics, orthotics and supplies (DMEPOS) suppliers are required to obtain a National Provider Identifier (NPI) for every business location. The only exception to this requirement is when a DMEPOS supplier is a sole proprietor (or considered an individual). A sole proprietor (Entity Type 1) is eligible for only one NPI regardless of the number of business locations.

The requirement for DMEPOS suppliers to obtain an NPI for every practice location also applies to DMEPOS suppliers who are enrolled with Medi-Cal. Providers with a Medi-Cal number prefix beginning with "DME," "XA," "GXA," "GFA," "XB," "GXB," "GFB," "XC," "GXC" or "GFC" must register a separate NPI subpart for each Medi-Cal number that begins with any of these prefixes. The only exception is for those providers who are a sole proprietor (Entity Type 1), as defined by the HIPAA – NPI Final Rule.

Failure to comply with this requirement may result in delayed processing or rejection of both Medicare crossover and direct bill Medi-Cal claims.

More information about NPI can be found in the NPI area of the CMS Web site at **www.cms.hhs.gov/NationalProvIdentStand**. Providers may apply for an NPI online at the National Plan and Provider Enumeration System (NPPES) Web site at **https://nppes.cms.hhs.gov** or call the NPI Enumerator at 1-800-465-3203 to request a paper application.

For more information about Medicare subpart expectations, please review the Medicare Subpart Guidance Paper at:
www.cms.hhs.gov/NationalProvIdentStand/Downloads/Medsubparts01252006.pdf.

2007 CPT-4/HCPCS Codes Reminder

Effective August 1, 2007, Medi-Cal will adopt the 2007 CPT-4 and HCPCS Level II codes. Claims billed for dates of service on or after August 1, 2007 must use the appropriate 2007 codes.

Codes to be added, modified or deleted were listed in the May 2007 *Medi-Cal Update*. Policy for new benefits was announced in the June 2007 *Medi-Cal Update*. Provider manual updates are included in this month's *Medi-Cal Update*.

Redirection of Treatment Authorization Request Services

Effective July 1, 2007, several regionalized *Treatment Authorization Request* (TAR) services provided by the Fresno Medi-Cal Field Office (FMCFO) were redirected to the Northern and Southern Pharmacy Sections (NPS and SPS), Sacramento Medi-Cal Field Office (SMCFO) and San Francisc Medi-Cal Field Office (SFMCFO).

This information is reflected on manual replacement pages dura bil dme 2 and 15 (Part 2), dura bil inf 1 (Part 2), mc sup 2 (Part 2), mc sup intro 1 (Part 2) and tar field 1 thru 11 (Part 2).

Processing Changes for Treatment Authorization Requests

Beginning May 1, 2007, the California Department of Health Services (CDHS) started phasing in several changes that impact how paper *Treatment Authorization Requests* (TARs) are processed.

These changes are being implemented to minimize the key data entry of incomplete or erroneous TAR information and to reduce the volume of paper documents containing Protected Health Information (PHI), particularly Social Security Numbers (SSNs) that are sent via:

- United States Postal Service
- Courier services
- Other types of delivery services

CDHS expects to complete this phased implementation by September 2007.

Processing Change Schedule
Processing changes to paper TARs impact providers interacting with the Medi-Cal field offices and pharmacy sections on the following dates:

May 2007	**August 2007**
Sacramento Medi-Cal Field Office	Fresno Medi-Cal Field Office
June 2007	San Bernardino Medi-Cal Field Office
Northern Pharmacy Section (Stockton)	San Diego Medi-Cal Field Office
Southern Pharmacy Section (L.A.)	San Francisco Medi-Cal Field Office
July 2007	**September 2007**
L.A. Medi-Cal Field Office	TAR Administrative Remedy Section
In-Home Operations South	In-Home Operations North

Incomplete TARs
CDHS Medi-Cal field offices and pharmacy sections will be unable to enter paper TARs with incomplete information into the TAR system. These paper TARs will be deferred back to the submitting provider, with a Medi-Cal field office/pharmacy section *Incomplete TAR Form* identifying the reasons for deferral and instructions about how to resubmit the paper TAR with the necessary corrections.

Please see **Processing Changes**, *page 3*

Processing Changes *(continued)*

Providers are to:

- Make the necessary corrections/changes on the paper TAR, and
- Resubmit with a copy of the *Incomplete TAR Form* on top of the paper TAR.

Paper TARs that are returned to the submitting provider for correction will not be available for inquiry through the Provider Telecommunications Network (PTN).

Any one of the reasons below will not allow the paper TAR information to be entered into the system. The reason(s) will be marked on the *Incomplete TAR Form* and sent back to the submitting provider for corrections. These reasons may consist of one or more of the following:

- The TAR form is illegible or damaged.
- The submitting provider number is missing, inactive, suspended or invalid for the category of service requested.
- The patient's Medi-Cal ID number is missing, invalid or invalid in length, and the patient's name/date of birth is missing.
- The patient is not Medi-Cal eligible.
- Information in the *Admit From* field (Box 14) on the *Long Term Care Treatment Authorization Request* (LTC TAR, form 20-1) is missing or invalid.
- The requested service information is missing, invalid or invalid in length.
- The ICD-9-CM diagnosis code, admitting ICD-9-CM diagnosis code and/or primary DX diagnosis code is missing or invalid.
- The County Medical Services Program (CMSP) pharmacy services are covered by MEDIMPACT. Providers may call 1-800-788-2949 for further information.
- The requested Adult Day Health Care (ADHC) service should specify the months and the number of requested days for each calendar month on separate lines of the TAR. The TAR request should not exceed six months or have more than one service line for a given calendar month. Providers may refer to the appropriate Part 2 manual for specific TAR preparation instructions.

Adjudication Response

CDHS will discontinue the practice of returning adjudicated paper TAR copies to providers based on the schedule above. Instead, providers will receive an *Adjudication Response* (AR), which will display:

- The status of requested service(s)
- The reason(s) for the decision(s), including TAR decisions resulting from an approved or modified appeal
- The adjudicator's request for additional information, if necessary

The AR will enable the provider to respond to the requested information or proceed to bill for authorized services. (See the *Adjudication Response* example at the end of this article.) Providers should keep a copy of the AR for their records and use it when responding to deferrals or when requesting an update/correction to a previously approved or modified TAR.

When requesting an update/correction, a copy of the AR must be placed on top of newly submitted documents to ensure the information can be matched with previously submitted documentation. Providers should clearly specify what change(s) are being requested.

The ARs will be mailed to the provider's address on file with CDHS' Payment Systems Division, Provider Enrollment Branch (PEB). Providers should ensure PEB has their most up-to-date mailing address on file. Instructions about changing/updating a provider address may be found on the Medi-Cal Web site (**www.medi-cal.ca.gov**). From the home page, click the "Provider Enrollment" link and then the "Provider Reminders" link at the top of the page.

Please see **Processing Changes**, *page 4*

Processing Changes *(continued)*

Attachments
On November 15, 2006, CDHS notified providers via a flyer that attachments were no longer being returned with deferred paper TARs. Medi-Cal field offices and pharmacy sections will continue to retain and archive all attachments for reference.

Providers responding to a deferred TAR should return the AR and any new attachment(s) requested.

SSN on TARs
In accordance with *Medi-Cal Updates* issued in August and September 2006, providers should use the recipient's Benefits Identification Card (BIC) number on the TAR, rather than the SSN. If a TAR is returned to a provider because of inaccurate and/or incomplete information, the SSN will be removed.

Provider questions may be directed to the local Medi-Cal field office or pharmacy section.

National Provider Identifier (NPI) Number
Providers should be aware that the NPI number will not be accepted on TARs until after the official NPI implementation date of November 26, 2007. For detailed information about the new NPI implementation date, providers can view the "Important NPI Time Frame Changes" article posted in the "HIPAA News" area of the Medi-Cal Web site (**www.medi-cal.ca.gov**).

TARs issued under the old provider number (legacy number) prior to November 26, 2007 can still be used for claims submitted with an NPI starting on or after November 26, 2007. Providers will not have to request an updated TAR with the NPI information.

State of California - Health and Human Services Agency
Department of Health Services

CONFIDENTIAL

ARNOLD SCHWARZENEGGER, Governor

Medi-Cal Operations Division

ADJUDICATION RESPONSE

Provider Number: HSCXXXXXX
XXX CONTRACT HOSP #2
3215 PROSPECT PARK DR
RNCHO CORDOVA, CA 95670-6017

DCN (Internal Use Only): 123456789101
Date of Action: 06/27/2006
Regarding: Jane Doe
TAR Control Number: 9876543210

This is to inform you that a Treatment Authorization Request has been adjudicated. If you have any questions regarding this adjudication response, please contact your local Medi-Cal Field Office. The decision(s) follow:

Svc #	Service Code	Modifier(s)	Service Description	From Date of Service	Thru Date of Service	Units	Quantity	Status	P.I.
1	123ABC	1	Service Description 1	01-01-2006	01-31-2006	12345	1000000.123	1 Approve	1
2	ABC123	2	Service Description 2	01-01-2006	01-31-2006	12345	1000000.123	2 Modify	0
	Reason(s):	GEN: Modified, refer to comments							
	Comment(s):	Comments from Field Office Consultant 2							
3	ABC123	3	Service Description 3	01-01-2006	01-31-2006	12345	1000000.123	3 Deny	3
	Reason(s):	GEN: Denied, refer to comments							
	Comment(s):	Comments from Field Office Consultant 3							
4	ABC123	4	Service Description 4	01-01-2006	01-31-2006	12345	1000000.123	4 Defer	5
	Reason(s):	GEN: Deferred, refer to comments							
	Comment(s):	Comments from Field Office Consultant 4							

Authorization does not guarantee payment. Payment is subject to Patient's eligibility. Please ensure that the Patient's eligibility is current before rendering service.

If you have received this document in error, please call the Telephone Service Center, 1-800-541-5555 in California, 1-916-636-1200 out-of-state (follow the prompts for eTAR), to notify the sender. Please destroy this document via shredder or confidential destruction.

Billing Restrictions for Specific Power Operated Vehicle and Wheelchair Base Codes

Effective for dates of service on or after September 1, 2007, claims for power operated vehicle HCPCS code E1230 and power wheelchair HCPCS codes E1239, K0010, K0012 and K0014 are restricted to repair only and must be billed with modifier RP (repair). Claims must include documentation that the repair is for patient-owned equipment. Claims billed with modifiers NU (purchase) or RR (rental) will be denied. Providers billing for a purchase or rental of power operated vehicles or power wheelchairs must use the most current HCPCS codes.

HCPCS code K0011 (standard-weight frame motorized/power wheelchair with programmable control parameters) will continue to be available for the purchase, rental or repair of an iBOT Mobility System (billed with modifiers NU, RR or RP, respectively) or the repair of a K0011 power wheelchair. Only modifier RP is allowed for wheelchair code K0011 unless it is billed for an iBOT. Claims for any repair must document that the patient owns the chair.

This information is reflected on manual replacement pages dura bil wheel 4, 6 and 10 (Part 2).

Rate Adjustments for Durable Medical Equipment Codes

Effective for dates of service on or after August 1, 2007, the following HCPCS codes for Durable Medical Equipment (DME) have been adjusted in accordance with statute:

- Code A4620 (variable concentration mask) will have a purchase-only rate of $0.58.
- Code E1002 (wheelchair accessory, power seating system, tilt only) will have revised reimbursement rates of $4,053.21 (purchase) and $405.32 (rental).
- Code E1353 (regulator) will have a purchase reimbursement rate of $26.30; rental reimbursement remains "By Report."
- Code E1355 (stand/rack) will have a purchase reimbursement rate of $19.80; rental reimbursement remains "By Report."

This information is reflected on manual replacement pages dura cd 6, 9 and 18 (Part 2).

Oxygen Equipment and Contents Policy Updates

Effective for dates of service on or after August 1, 2007, selected oxygen policies are updated.

Oxygen Contents Policies
The following changes will be made to HCPCS codes E0441 through E0444 (oxygen contents):

For codes E0441 and E0442 (oxygen contents), providers must document on *Treatment Authorization Requests* (TARs) that the patient owns the stationary system for which the contents are requested.

For codes E0443 and E0444 (portable oxygen contents) only:

- For Medi-Cal purposes, codes E0443 and E0444 may be used to bill for portable oxygen contents, whether a portable system is rented or purchased.
- Modifier SC (medically necessary service/supply) is allowed for Durable Medical Equipment providers for use only with codes E0443 and E0444.
- A maximum of two units of portable oxygen contents is allowed per month. The first unit must be billed with modifier NU (purchase). If the second unit is billed for the same month of service, modifier SC must be used. The maximum reimbursement for the first unit is $61.96, and $16.87 for the second unit.

Please see **Oxygen**, *page 6*

Oxygen *(continued)*

- For Medi-Cal purposes, codes E0443 and E0444, "one month's supply equals one unit" is defined as follows:
  - For gaseous contents code E0443: 250 cubic feet for the first supply of contents and any amount for the second supply of contents (second unit).
  - For liquid contents code E0444: 110 pounds for the first supply of contents and any amount for the second supply of contents (second unit).

Stationary Oxygen System/Concentrator Reimbursement
Reimbursement rates for HCPCS codes E0424 and E0439 (stationary oxygen systems) and E1390 and E1391 (concentrators) are modified when billing with oxygen flow rate modifiers QE, QF and QG. The following chart shows the rates based on the code and modifier used.

Code	Modifier RR	Modifier QE	Modifier QF	Modifier QG
E0424, E0439, E1390, E1391	$158.72	$79.36	$238.08	$238.08

Billing Guidelines Chart
The billing guidelines chart below has been updated to clarify policies.

System Type	Modifier	Not Reimbursable in Same Month as Initial Purchase
Stationary Gas (Purchase) E0425	NU	A4615, A4619, A4620, E0424, E0434, E0435, E0439, E0440, E0442, E0444, E0555, E1353, E1390, E1391
Stationary Liquid (Purchase) E0440	NU	A4615, A4619, A4620, E0424, E0425, E0430, E0431, E0439, E0441, E0443, E0555, E1353, E1390, E1391
Portable Gas (Purchase) E0430	NU	A4615, A4619, A4620, E0431, E0434, E0435, E0439, E0440, E0442, E0444, E0555, E1353, E1392
Portable Liquid (Purchase) E0435	NU	A4615, A4619, A4620, E0424, E0425, E0430, E0431, E0434, E0441, E0443, E0555, E1392
Concentrator (Purchase) E1390, E1391	NU	A4615, A4619, A4620, E0424, E0425, E0439, E0440, E0441, E0442, E1353
Stationary Gas (Rental) E0424	QE, QF, QG, RR	A4615, A4619, A4620, A9900, E0425, E0434, E0435, E0439, E0440, E0441, E0442, E0444, E0555, E1353, E1390, E1391

Please see **Oxygen**, *page 7*

Oxygen *(continued)*

System Type	Modifier	Not Reimbursable in Same Month as Initial Purchase
Stationary Liquid (Rental) E0439	QE, QF, QG, RR	A4615, A4619, A4620, A9900, E0424, E0425, E0430, E0431, E0440, E0441, E0442, E0443, E0555, E1353, E1355, E1390, E1391
Portable Gas (Rental) E0431	RR	A4615, A4619, A4620, A9900, E0430, E0434, E0435, E0439, E0440, E0442, E0444, E0555, E1353
Portable Liquid (Rental) E0434	RR	A4615, A4619, A4620, A9900, E0424, E0425, E0430, E0431, E0435, E0441, E0443, E0555
Concentrator (Rental) E1390 E1391	QE, QF, QG, RR	A4615, A4619, A4620, A9900, E0424, E0425, E0439, E0440, E0441, E0442, E1353
Concentrator (Rental) E1392 (Portable)	RR	A4615, A4619, A4620, A9900, E0430, E0431, E0434, E0435, E0441, E0442, E0443, E0444

The updated information is reflected on manual replacement pages dura bil oxy 2, 6 and 8 thru 11 (Part 2) and dura cd 8 (Part 2).

Medical Supply Updates: Tracheostomy Supplies

Effective July 1, 2007, the California Department of Health Services (CDHS) is initiating new medical supply codes to allow the billing of tracheostomy supplies.

The following medical supply product codes have been added for tracheostomy:

9916L, 9916M, 9916N, 9916P, 9916Q, 9916R, 9916S, 9916T, 9916U, 9916V, 9916W, 9916X, 9916Y, 9916Z, 9917P, 9917Q, 9917S, 9917T, 9917U and 9917V

This information is reflected on manual replacement pages mc sup lst3 13 thru 15 (Part 2).

Medical Supply Changes: Two-Piece Ostomy Products

The California Department of Health Services (CDHS) recently negotiated contracts with manufacturers for two-piece ostomy products and their associated skin barriers. Only listed two-piece ostomy products and their associated skin barriers are benefits.

Medical Supply Updates
The following medical supply product codes have been added for two-piece ostomy products and their associated skin barriers:

9906Q, 9907L, 9907R, 9914T, 9914U, 9914V, 9914W, 9914X, 9914Y, 9914Z, 9915Q and 9915Z

The products and product codes are listed in the new *Medical Supply Products: Ostomy* sections of the Part 2 manual.

Billing Transition
Effective for dates of service on or after August 1, 2007, the new two-piece ostomy products and their associated skin barriers will be implemented and providers may bill using the new product codes. Only listed two-piece ostomy products and their associated skin barriers are reimbursable. Providers who obtained *Treatment Authorization Requests* (TARs) for non-contracted items prior to October 1, 2007 can continue billing these items until their TAR authorization is exhausted.

Manufacturer Billing Code Update
Effective for dates of service on or after July 1, 2007, the Manufacturer Billing Code for Squibb, E.R. and Sons, Inc. will be reassigned to Convatec.

Manufacturer Billing Code	Former Manufacturer Name	New Manufacturer Name
SQ	Squibb, E.R. and Sons, Inc.	Convatec

This information is reflected on manual replacement pages mc sup lst3 1 thru 5 and 7 thru 11 (Part 2), mc sup man cd 3 and 9 (Part 2), mc sup prod ost ind 1 (Part 2), mc sup prod ost p1 1 thru 19 (Part 2), mc sup prod ost p2 1 thru 5 (Part 2), mc sup prod ost p3 1 thru 11 (Part 2) and mc sup prod ost p4 1 thru 11 (Part 2).

Enteral Feeding Supplies Addition

Effective July 1, 2007, the following product has been added to the *Medical Supplies List* section:

	Billing Code	Bill Quantity In Total Number of
Low Profile Gastrostomy Feeding Button	9917W	button

This product is limited to one every 90 days (three months), four in one year.

This information is reflected on manual replacement page mc sup lst1 24 (Part 2).

New Public Health Department Oversees Children's Treatment Program

Effective July 1, 2007, the Children's Treatment Program (CTP) is no longer organized under the California Department of Health Services (CDHS) and has the following new address:

California Department of Public Health
1616 Capitol Avenue, Suite 74-317
MS 5203
P.O. Box 997377
Sacramento, CA 95899-7377

The address change is part of a CDHS reorganization. CDHS is split into the following separate departments:

- California Department of Public Health (CDPH)
- California Department of Health Care Services (CDHCS)

CTP is under control of the public health (CDPH) department. Claim submission and processing procedures for CTP remain the same.

Information about the CDHS reorganization is available on the Web at **www.dhs.ca.gov/home/organization/reorganization**.

This information is reflected on manual replacement pages prog 5 (Part 1) and children 1 thru 3 (Part 2).

CCS Service Code Groupings (SCGs) Update

Effective for dates of service on or after August 1, 2007, a number of codes are end-dated and added to California Children's Services (CCS) Service Code Groupings (SCGs) 01, 02, 03, 04, 05, 06, 07, 10 and 12.

Reminder: SCG 02 includes all the codes in SCG 01; SCG 03 includes all the codes in SCG 01 and SCG 02; and SCG 07 includes all the codes in SCG 01. These same "rules" apply to end-dated codes.

The updated information is reflected on manual replacement pages cal child ser 1, 3 thru 16, 18 thru 20 and 22 thru 25 (Part 2).

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Remove and replace:	*Contents for Durable Medical Equipment and Medical Supplies Billing and Policy* v/vi *
Remove:	cal child ser 1 thru 27
Insert:	cal child ser 1 thru 26
Remove and replace:	children 1 thru 4 cif co 7 thru 11 * cif sp 1 thru 10 * cms comp 1/2 * dura 9/10 * dura bil dme 1/2, 15/16 dura bil inf 1/2 dura bil oxy 1/2, 5 thru 12 dura bil thp 1/2 *, 5 thru 10 *
Remove:	dura bil wheel 3 thru 10
Insert:	dura bil wheel 3 thru 12
Remove:	dura cd 1 thru 24
Insert:	dura cd 1 thru 30
Remove and replace:	dura cd fre 1 thru 4 * mc sup 1/2 mc sup intro 1/2 mc sup lst1 23/24
Remove:	mc sup lst3 1 thru 18
Insert:	mc sup lst3 1 thru 20
Remove and replace:	mc sup man cd 3/4, 9/10
Insert new sections after the *Medical Supplies: Medicare Covered Services* section:	mc sup prod ost ind 1 *(new)* mc sup prod ost p1 1 thru 19 *(new)* mc sup prod ost p2 1 thru 5 *(new)* mc sup prod ost p3 1 thru 11 *(new)* mc sup prod ost p4 1 thru 11 *(new)*
Remove and replace:	medi non hcp 1/2 * modif app 5/6 * ortho 1/2 *, 9 thru 15 * ortho cd1 1 thru 6 *, 9/10 *, 25 thru 28 * ortho cd2 9/10 *
Remove:	ortho cd2 13 thru 22
Insert:	ortho cd2 13 thru 21 *
Remove and replace:	respir 5 thru 8 * tar dis cod 1/2 *, 5/6 * tar field 1 thru 11 tax 5 thru 8 *

* Pages updated due to ongoing provider manual revisions.